1: Fitzgerald H-5 (1937-1938) AE3 Sino-Tibetan
Border Peoples AE3

and in this way the peasants become more and more indebted to the richer landowners, who are also the moneylenders. The standard rate of interest on cash loans is three per cent per month, or any period less than a month. 36% per annum is to European standards a very high rate of interest, and this is by no means the highest rate prevailing in Ta Li. Pawnshops, which act as banks, charge 4% per month or 48% per annum. In practice of course, the peasant who wishes to borrow money cannot hope to pay at this rate of interest and is obliged to mortgage his land, which is the only asset which could be realised by his creditor. Mortgage rates are a little lower than those charged on cash loans or by the pawn shops, because the security is better. 2½ *tou* of rice is the interest demanded for an advance of 100 dollars nickel secured on land. The value of this quantity of rice in 1938 was 17.50 dollars nickel, so the rate of interest was not more than 17½% per annum on mortgages. Even this rate is of course very high and a farmer who had been compelled to mortgage half or more than half of his land would have great difficulty in making ends meet.

Since the abolition of opium cultivation the problem of debt has therefore greatly increased in the Ta Li region, and this in turn depresses purchasing power and adds to the economic depression. Land banks, which in other parts of China had been set up by the Central Government to assist the peasants and provide an alternative to the moneylender at cheaper rates, have not yet been established in Yunnan. In fact there are not as yet any banks at all in the rural districts of this province, even in the cities. In a purely agricultural countryside, without industries of any importance, and with only a restricted commerce, no bank which had not government support and backing can be established, or if established, charge rates of interest lower than those offered by the moneylending richer families.